

Lenders, Licenses, Building Codes, and Insurers: Using Business Requirements and Risk Management to Expand Outreach and Promote Small Business Environmental Performance

Presented by

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Lenders, Licenses, Building Codes, and Insurers



Using Business Requirements to
Expand Outreach

Construction Industry Initiative: Leveraging Resources

Annette Fulgenzi

Illinois Small Business Environmental
Assistance Program



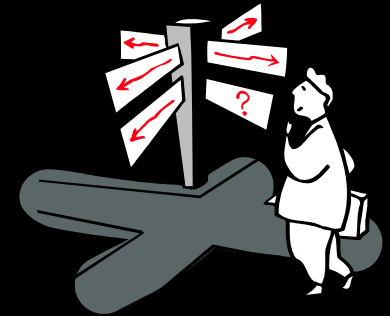
Background

- Section 507 CAAA
Technical Assistance
Program
- Illinois Department of
Commerce &
Community Affairs
- Annual Work plan &
Contract with Illinois
EPA



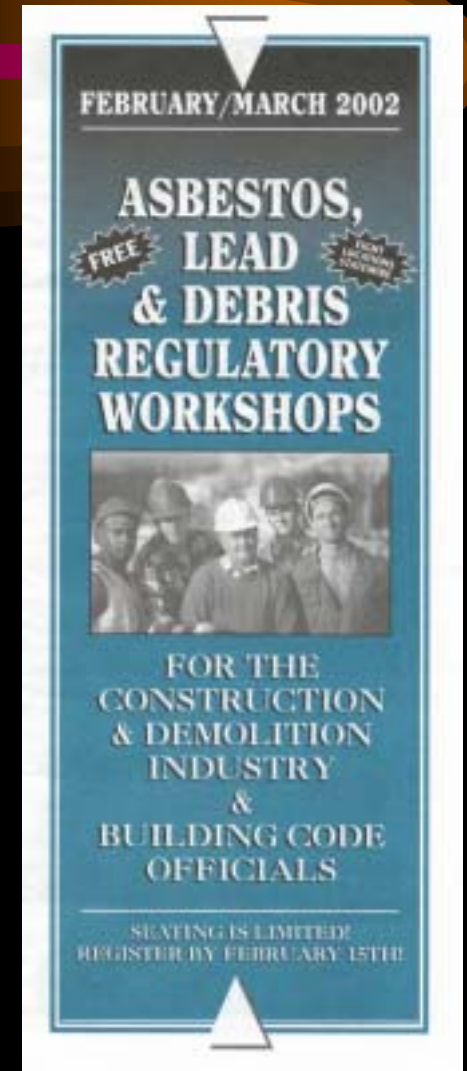
Why the Construction Industry?

- Recurrent violations in field for asbestos requirements
- Asbestos program limited resources for outreach
- Lack of knowledge of lead abatement regulations
- Industry open dumping & burning
- Confusion with Illinois Dept. Of Public Health & EPA roles



Target Audience

- General Contractors
- Demolition Contractors
- Fire Protection Officials
- Building Code Officials



Challenges



- Diverse and large industry
- Trade Groups Fragmented
- Scheduling for Industry Workload
- Reaching appropriate officials
- Maximizing our limited resources

Solutions



- 17 Cosponsors
 - DCCA, IEPA, IDPH, National Federation of Independent Businesses, Associated Builders and Contractors, Northern Illinois Chapter of the Associated General Contractors of Illinois, Builders Association of Greater Chicago, Southern Illinois Builders Association, Central Illinois Builders of AGC, Fox Valley General Contractors Association, Suburban Building Officials Conference, BOCA Chapter 7, and Home Builders Association of Greater Southwest Illinois, Northwest Building Officials & Code Administrators, Black Contractors United, Code Enforcement Officials of Southern IL, & South Suburban Building Code Officials Association
- Workshops planned for Winter
- Strong Push for Educating Local Officials

14,000 Brochures Mailed by Sponsors

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- Illinois Department of Commerce & Community Affairs
Small Business Environmental Assistance Program
Illinois Small Business Development Center Network
- Illinois Environmental Protection Agency
- Illinois Department of Public Health
- National Federation of Independent Businesses
- Associated Builders and Contractors: Northern Illinois Chapter
- Associated General Contractors of Illinois
- Builders Association of Greater Chicago
- Federation of Women Contractors
- Southern Illinois Builders Association
- Central Illinois Builders of AGC
- Fox Valley General Contractors Association
- Suburban Building Officials Conference: BOCA Chapter 7
- Home Builders Association of Greater Southwest Illinois
- Northwest Building Officials and Code Administrators: Chapter 35
- Black Contractors United
- Code Enforcement Officials of Southern Illinois
- South Suburban Building Officials Association of IL: Chapter 39



WHO SHOULD ATTEND?

- Commercial & Residential Contractors
- Demolition Contractors
- Local Building Code Officials
- Local Fire Departments

DID YOU KNOW?

- Contractors, owners, and possibly local governing bodies can be assessed fines and penalties for failing to meet asbestos regulatory requirements for remodeling or demolition of property.
- A licensed professional must perform Lead & Asbestos Abatement.
- Contractors must meet federal lead requirements when remodeling residential property built before 1978.
- Construction and Demolition Debris must be transported and disposed of according to Illinois EPA Regulations.
- Lead and Asbestos Regulations vary depending on previous property use, as well as future property use after the remodel/demolition.
- Fire Departments must follow asbestos regulations when burning property for training purposes.

TO LEARN MORE,

PLAN TO ATTEND ONE OF
THE EIGHT **FREE**
WORKSHOPS STATEWIDE

Outcomes

*Total Attendees: 384 **

- **34% Commercial, Residential, & Demolition Contractors**
- **36% Building Code Officials**
- **17% Environmental Professionals**
- **10% Fire Protection**
- **3% Other: Waste Haulers, Building managers, etc.**

**(*Note: 545 pre-registered: 30% no show rate.
Weather could be a factor.)**

Big Success!



Evaluation Results:

- Overall Workshop: 94% Excellent/Good, 6% Fair
- Information Provided: 88% Excellent/Good, 12% Fair
- Frequency of Workshops: 60% Annually, 22% every other year, 17% more frequently, 1% less frequently
- Distance Traveled: 38% 0-20mi., 29% 20-40mi., 15% 40-60mi., 18% over 60mi.

Why Building Code Officials?



- Continual contact with the industry
- Projects triggering regulations usually seek local building & demolition permits
- Seen by industry as the expert
- Great distribution site for regulatory and compliance assistance information

Value Added



- Local extension for outreach on assistance and regulatory programs
- Distribution of initial notification forms & assistance program brochures at their offices
- Inspectors know the right questions to ask
- Some require copies of notifications before issuing building and demolition permits
- Opened communication between state and local officials

Spin Off Success

- 2003 Expanded Workshops slated for February
- Development of Open Dumping/Burning poster



Questions?



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RISK MANAGEMENT & COMPLIANCE



Presented by

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Risk Management

Small Business Development Center



RISK MANAGEMENT & COMPLIANCE



- Risk Elimination
- Risk Mitigation
- Risk Transfer
- Risk Management



RISK MANAGEMENT & COMPLIANCE



- **Business Environment Risk**
 - Technological Innovation
 - Capital Availability
 - Legal
 - Regulatory
 - Industry



RISK MANAGEMENT & COMPLIANCE



- Process Risk
 - Operations
 - Human Resources
 - Product Development
 - Efficiency
 - Business Interruption
 - Environmental
 - Health and Safety



RISK MANAGEMENT & COMPLIANCE



- **Financial**
 - Commodity Pricing
 - Cash Flow
 - Opportunity Loss
 - Credit



RISK MANAGEMENT & COMPLIANCE



- Empowerment
 - Leadership
 - Authority
 - Communications



RISK MANAGEMENT & COMPLIANCE



- Information/Technology
 - Relevance
 - Availability
 - Infrastructure



RISK MANAGEMENT & COMPLIANCE



- Integrity
 - Illegal Acts
 - Unauthorized Use
 - Reputation



RISK MANAGEMENT & COMPLIANCE



- Owners have an intuitive sense of the risks
 - At least risks that are familiar.
- Lack of risk experience or knowledge
 - Owner may underestimate or ignore some risks or important information



RISK MANAGEMENT & COMPLIANCE

- An example not often followed is backing up all computer transactions daily.
- The plan is take a copy off-site once per week.
 - Daily backup is done irregularly
 - Off-site copy may never be done.
- The impact of losing weeks, months, years or all of the data about the business, compared to the very small cost of following procedures.



RISK MANAGEMENT & COMPLIANCE

- Manufacturer that makes Galvanized Nails
 - Uses a hot acid bath to clean off oil
 - Change to water soluble oil
 - Eliminate hot acid



RISK MANAGEMENT & COMPLIANCE



- Eliminate Risk
 - Use and exposure
 - Health and safety
 - Environmental



RISK MANAGEMENT & COMPLIANCE



- **Mitigate Risk**
 - Cost of materials and energy
 - Disposal is now treatment
 - Reduced record keeping
 - Human Resources
 - Cash Flow
 - Technology



RISK MANAGEMENT & COMPLIANCE

- Company Eliminates 6 Delivery Vans
 - Outsource to UPS for delivery
 - Is this Risk Elimination?



RISK MANAGEMENT & COMPLIANCE

- **NO!** This would be Risk Transfer
 - Most customer related risk the same
 - Costs for risk is included in price
 - Liability, Injury, Death
 - Maintenance, Gasoline, Replacement



RISK MANAGEMENT & COMPLIANCE

- New Opportunities
- Sales Trends Up or Down
 - Positive risk?
 - Negative risk?
 - reduce costs
 - increase productivity
 - new products.
 - more sales
 - more suppliers, more employees
 - additional equipment and facilities



RISK MANAGEMENT & COMPLIANCE



- Cost/Benefit Analysis
 - Eliminate, Mitigate or Transfer
 - Manage remaining risk
 - Usually means insurance

RISK MANAGEMENT & COMPLIANCE



- Show this Plan to Insurance Company
 - Ask for a better rate
 - You file fewer claims
 - They pay fewer claims



RISK MANAGEMENT & COMPLIANCE

- Show this Plan to Banks
 - You have less chance of loss
 - They have fewer defaults



RISK MANAGEMENT & COMPLIANCE



- Risk Management
 - Will Help Eliminate or Reduce Reasons for Your Business to Fail
- Compliance is automatic with TRUE Risk Management



Banking and Insurance



Kevin Dick
Nevada Small Business
Development Center

Why Banks and Insurance Companies?

- Business Contacts
- Business Customers
- Community Involvement
- Relationships for CA Outreach
- Potential Mutual Benefits

Goals and Objectives



- Introduce Program and CA services
- Education on concepts of environmental performance – P2, EMS, DfE
- Convey business benefits
- Engage in dialogue
- Discuss potential for activities/outreach

Our Approach



- Build on existing relationships with Economic Development Authorities (EDAs)
- Organize lunch discussion sessions
- Special invitation to EDA members
- Lunch endorsed by EDAs

What We Found



- Environmental Issues = Phase 1 and 2 Real Estate Assessments, Property Contamination

What We Found



- Front end focus on environmental –
Initial lending and insurance focuses on
credit rating and past performance

What We Found



- Focus on spills, releases, contamination
- Lack of awareness of environmental management/environmental performance

What We Found



- Little understanding of business impacts and benefits of environmental performance
- More connection with recycling than P2
- Case studies were key, show me the money

What We Found



- Lack of knowledge of CA services
- **MAJOR** concerns about making CA referrals
- Association of environmental with enforcement

What resulted



- Recognition of:
 - Alternative approaches to compliance
 - Business benefits of environmental performance
 - CA services as a benefit for their customers
 - Opportunities to promote CA services to their customers

CA Outreach



- Promotion during annual casualty insurance on-site assessments
- Distribution of brochures and newsletters through bank branch offices
- Requests for customized sector tailored info packs for specific clients

Outreach Results



- Hundreds of brochures distributed
- Quality referrals provided to program clients
- Follow-on meetings to educate insurance brokers
- Relationship with major bank

Future Opportunities

A decorative graphic consisting of a horizontal bar with a color gradient from dark blue on the left to bright yellow on the right. To the right of the bar is a large, stylized arrow pointing to the right, filled with a gradient from dark brown to light yellow.

- Commercial Real Estate Brokers
- Commercial Construction Companies
- Commercial Developers